

Illinois Department of Healthcare and Family Services
SMART Act Implementation Status Report
Senate Appropriation Committee Hearing
March 19, 2013

SMART Act Item Number	Category	Item Name	Proposed Change Notes	Rules **	Federal Approvals	Other Updates	Original FY13 Savings Estimate (in thousands)	Revised FY13 Savings Estimate (in thousands)	Variance to Original (in thousands)
1	Eligibility	Family Care adults	Reduce eligibility to 133% FPL; eliminate coverage for grandfathered adults 185%-400%	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	State Plan Amendment (SPA) approved by Federal CMS 10/30/12	Variance due to revised fiscal year data used to calculate current savings.	\$49,884.7	\$51,339.2	\$1,454.5
2	Eligibility	General Assistance adults	Eliminate state coverage for all clients	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13. DHS filed rule.	N/A	Variance due to revised fiscal year data used to calculate current savings.	\$16,681.3	\$16,136.8	(\$544.5)
3	Eligibility	Illinois Cares Rx	Terminate program	Emergency Rule and Proposed Rule filed 6/30/12.	N/A		\$72,154.0	\$72,154.0	\$0.0
4	Eligibility Verification	Enhanced eligibility verification – private vendor and enhanced eligibility verification – private vendor and implement improved data matches	Utilize vendor with access to national databases to verify financial eligibility. Department of Employment Security (DES) to collect and report wage data from larger employers more frequently.	N/A	N/A	Variance due to 6 month start-up for vendor. Vendor started detailed review of cases on January 2 as per implementation plan. Current focus is cases where the initial data match suggests a higher likelihood of being ineligible. DHS is ramping up its own operation of State caseworkers to process vendor recommendations	\$350,000.0	\$150,000.0	(\$200,000.0)
5	Eligibility verification	Long-term care asset testing	Tightened asset testing policy for seniors applying for nursing homes	Rule - See below (5a - 5i)	SPA - See Below (5a - 5i)		\$3,000.0	\$3,000.0	\$0.0
5.a.	Eligibility verification	Farmland property exemption		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A				

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5.b.	Eligibility verification	Prepaid funeral/burial contract exemptions		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A				
5.c.	Eligibility verification	Pooled Trust Exemption for persons with disabilities		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A				
5.d.	Eligibility verification	Homestead equity exemption		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA filed 9/25/12	On-going discussions between HFS and Federal CMS taking place			
5.e.	Eligibility verification	Homestead property transferred to trust exemption		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A				
5.f.	Eligibility verification	Spousal refusal		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A				
5.g.	Eligibility verification	Community spouse resource allowance		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA filed 9/25/12	On-going discussions between HFS and Federal CMS taking place			
5.h.	Eligibility verification	Spousal support enforcement		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A				
5.i.	Eligibility verification	Retroactive eligibility		Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A				

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6	Optional Service	Adult dental	Eliminate services for adults except for emergency care	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12	On-going discussions between HFS and Federal CMS taking place	\$35,428.2	\$35,428.2	\$0.0
7	Optional Service	Adult chiropractic	Eliminate services	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12	Variance due to revised fiscal year data used to calculate current savings. On-going discussions between HFS and Federal CMS taking place	\$884.5	\$907.0	\$22.5
8	Optional Service	Adult podiatry	Limit service to diabetics	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12	On-going discussions between HFS and Federal CMS taking place	\$5,200.0	\$5,200.0	\$0.0
9	Optional Service	Adult eyeglasses	New policy: one pair every 2 years	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12	On-going discussions between HFS and Federal CMS taking place	\$9,819.5	\$9,819.5	\$0.0
10	Optional Service	Group psychotherapy for NH residents (and related transportation)	Eliminate services	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A		\$14,256.1	\$14,256.1	\$0.0
11	Optional Service	Pediatric palliative care	Make law inoperative before implemented	N/A	N/A		\$4,500.0	\$4,500.0	\$0.0
12	Optional Service	Adult speech, hearing and language therapy services	Set annual maximum of 20 services per year	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12	On-going discussions between HFS and Federal CMS taking place	\$411.0	\$411.0	\$0.0
13	Optional Service	Adult occupational therapy services	Set annual maximum of 20 services per year	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A		\$596.7	\$596.7	\$0.0

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14	Optional Service	Adult physical therapy services	Set annual maximum of 20 services per year	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 9/28/12	Variance due to implementation delay until September 2012. Implemented under emergency rule, pending Federal CMS approval. Prohibition lifted by JCAR effective 9/11/12 per modification to rule allowing for outpatient physical therapy to be billed as hospital service in HFS' NIPS (non-institutional provider) system. Modified emergency rule filed and effective 9/21/12. On-going discussions between HFS and Federal CMS taking place.	\$2,544.9	\$1,908.7	(\$636.2)
15	Optional Service	Hospice	Adopt Medicare policy to not pay for other care services when an individual is in hospice care.	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A		\$3,000.0	\$3,000.0	\$0.0
16	Optional Service	Home health	Reduce services through utilization controls	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 8/24/12	On-going discussions between HFS and Federal CMS taking place	\$2,000.0	\$2,000.0	\$0.0
17	Optional Service	Durable medical equipment	Impose utilization controls on oxygen, diabetic supplies, nebulizers and other medical equipment	N/A	N/A		\$30,017.5	\$30,017.5	\$0.0
18	Utilization Controls	Adult detox services in hospitals	Impose concurrent review and limit adult detox inpatient admissions to one every 60 days	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA filed 8/24/12	Two stakeholder groups continue to hold meetings to develop policy and protocol changes. On-going discussions between HFS and Federal CMS taking place.	\$25,492.4	\$25,492.4	\$0.0
19	Utilization Controls	Baby deliveries	Only pay normal vaginal delivery rate for C-sections, unless medically necessary	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A	Variance due to delay with vendor contract. Survey of hospital C-section policies complete, and eQHealth reviewing C-section claims in order to control costs.	\$2,854.0	\$1,427.0	(\$1,427.0)

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20	Utilization Controls	Hospitals: potentially preventable readmissions	Establish performance-based payment system related to potentially preventable readmissions	Emergency Rule filed 12/21/12. Proposed Rule filed 1/22/13.	SPA to be filed by 3/31/13	Variance due to rules being suspended by JCAR and subsequent agreement on reductions with the Illinois Hospital Association (IHA). Completed negotiations for FY2013 with \$10 million in savings for FY2013, and \$30 million to be reconciled in FY2014 *.	\$40,000.0	\$10,000.0	(\$30,000.0)
21	Utilization Controls	Hospitals: preventable conditions (never events)	Eliminate payment for the entire hospital stay if a provider preventable condition occurs during that period	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA filed 9/28/12	Variance due to rules being suspended by JCAR and subsequent agreement on reductions with the Illinois Hospital Association (IHA). Expected cost savings of \$30m will not be achieved. Notice of Modification to meet JCAR objection - suspension published 9/28/12 in IL Register. Suspension lifted in December by JCAR. On-going discussions between HFS and Federal CMS taking place.	\$30,000.0	\$1,000.0	(\$29,000.0)
22	Utilization Controls	Bariatric (weight loss) surgery	Impose utilization controls	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A		\$3,000.0	\$3,000.0	\$0.0
23	Utilization Controls	Coronary artery by-pass grafts	Impose utilization controls	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A		\$2,600.0	\$2,600.0	\$0.0

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24	Utilization Controls	Eligibility for nursing facilities change minimum Determination of Need (DON) score from 29 to 37	Change DON from 29 to 37	N/A. DHS and Aging filed rules.	Federal approval denied	Variance due to letter from Federal CMS on 10/26/12 stating HFS could not adjust DON score.	\$4,400.0	\$0.0	(\$4,400.0)
25	Utilization Controls	Eligibility for supportive living facilities (SLF) change minimum Determination of Need (DON) score from 29 to 37	Change DON from 29 to 37	Proposed Rule filed 6/25/12	Federal approval denied	Variance due to letter from Federal CMS on 10/26/12 stating HFS could not adjust DON score.	\$3,300.0	\$0.0	(\$3,300.0)
26	Utilization Controls	Ambulance services	Change law requiring ambulance transportation between 24 hour medically monitored institutions (i.e. hospitals/nursing homes)	N/A	N/A		\$1,500.0	\$1,500.0	\$0.0
27	Utilization Controls	Non emergency transportation	Reduce utilization	Emergency Rule filed 6/30/12 Proposed Rule filed 10/18/12	N/A	Variance due to rule change by JCAR and agreement with ambulance industry. Original rule prohibited by JCAR. Agency response to JCAR objection - suspension published 9/28/12 in IL Register. Suspension lifted by JCAR 1/8/13. Proposed Rule filed in conjunction to Agency response and published in IL Register 11/2/12. \$3.2 million cost of new rules.	\$4,000.0	(\$3,200.0)	(\$7,200.0)
28	Utilization Controls	Pharmaceuticals prescriptions in Long Term Care settings	Require pharmacies to dispense brand name drugs in no more than seven days' supply for recipients in long term care settings	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA filed 9/28/12	On-going discussions between HFS and Federal CMS taking place.	\$150.0	\$150.0	\$0.0

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29	Utilization Controls	Pharmaceuticals monthly four prescription policy	Limit adult and children's prescriptions to four per month - can be increased based on prior authorization or other specialty drug/condition exception	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A	Variance due to delay in implementing reductions. HFS experienced initial operational challenges with this savings initiative. Therefore, to protect client health and safety, the Department has phased-in implementation of the monthly script limit. Implementation issues due to the volume of claims have been resolved. Currently conducting prior approval reviews for 5 prescriptions per month, and applying the policy to residents of long term care facilities; plan to move to four prescriptions per month on 03-12-13.	\$180,000.0	\$90,000.0	(\$90,000.0)
30	Utilization Controls	Pharmaceuticals medication therapy	Pilot project to test effectiveness	N/A	N/A	Variance due to pilot project not occurring in fiscal year 2013.	\$500.0	\$0.0	(\$500.0)
31	Utilization Controls	Pharmaceuticals cost avoidance	Reject claims where a patient has a third party payer that has not been billed first	N/A	N/A	Initial estimate assumed a third party liability payment on all prescriptions where third party coverage existed. Private third party insurers often do not make payments for generic drugs because the prescription's cost, less client co-pay, is zero.	\$40,000.0	\$13,000.0	(\$27,000.0)

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32	Utilization Controls	Pharmaceuticals hemophilia protocols/clotting factor reimbursement	New protocols for treatment of hemophilia patients; new reimbursement methodology for clotting factor products	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A	Implemented prior approval on 12/10/12. Proposed changes to reimbursement rates resulting in lowered SMAC rates on clotting factor being reviewed, and plan is to implement new reimbursement rates in early January. Continuing to evaluate reimbursement methodology to ensure accuracy of payment rates. Revising Standard of Care Agreement, and will send to providers by end of February.	\$11,995.3	\$2,300.0	(\$9,695.3)
33	Utilization Controls	Pharmaceuticals AIDS medications	Implement new protocols for treatment of AIDS patients	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A	Variance due to actual experience exceeding estimate. Negotiating with drug manufacturers to lower the cost of drugs to treat HIV and AIDS.	\$3,000.0	\$3,300.0	\$300.0
34	Utilization Controls	Pharmaceuticals cancer - biological	Implement prior approval, utilization limits and pricing strategies on certain physician administered drugs	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A	Variance due to actual experience exceeding estimate.	\$5,000.0	\$13,500.0	\$8,500.0
35	Utilization Controls	Pharmaceuticals transplants medications	Require prior approval for brand immunosuppressive products that have generic equivalents. Work with hospitals to initiate immunosuppressive drug therapy for transplant patients with generic drugs, rather than expensive, brand name drugs.	N/A	N/A	Variance due to actual experience coming in slightly less than estimate.	\$2,700.0	\$2,200.0	(\$500.0)
36	Utilization Controls	Wheelchair repairs	Require prior approval on wheelchair repairs	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A		\$800.0	\$800.0	\$0.0

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37	Utilization Controls	Incontinence supplies	Quantity limit of 200 per month (from 300)	N/A	N/A		\$5,000.0	\$5,000.0	\$0.0
38	Utilization Controls	Advanced imaging, cardiac imaging, pain management and back surgery	Reduce utilization	N/A	N/A	Variance due to not being implemented. On-hold at this time.	\$13,600.0	\$0.0	(\$13,600.0)
39	Utilization Controls	Veterans' benefit enhancement	Move services to Federal VA for qualifying veteran clients	N/A	N/A	Variance due to delay in getting inter-agency agreements signed. Inter-agency agreements with DHS and DVA now complete.	\$2,000.0	\$1,000.0	(\$1,000.0)
40	Cost Sharing	Co-pays	Implement full federally allowable co-pays on services	Emergency Rule filed 6/30/12. Proposed Rule to be filed no later than March 2013	SPA's filed 9/27/12 and 9/28/12	Implemented under emergency rule, pending federal CMS approval. On 9/21/12, HFS filed modified rule language exempting emergency level 2 services from co-pays. Modified emergency rule filed and effective 9/21/12. On-going discussions between HFS and Federal CMS taking place.	\$44,125.0	\$44,125.0	\$0.0
41	Cost Sharing	Children receiving home services such as in the Medically Fragile - Technology Dependent (MFTD) Medicaid Waiver	Changes to reflect cost sharing based on parental income (500% of federal poverty level) and new flexible rules for families, reducing utilization. Start 9/1/12	Pending litigation, T.B. v. Hamos, 1:12-cv05356, N.D. Illinois, preventing filing rule.	SPA filed 8/29/12	Final plan remains outstanding. Waiver application extension request approved by CMS 4/30/13; lawsuit being negotiated. On-going discussions between HFS and Federal CMS taking place.	\$15,000.0	\$0.0	(\$15,000.0)
42	Rate Adjustment	Federally Qualified Health Centers - Managed Care	Eliminate need for HMO wrap-around payment	N/A	N/A		\$13,200.0	\$13,200.0	\$0.0

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43	Rate Adjustment	Long term acute hospital (LTAC) rates for ventilator dependent patients	Adjust rates and prevent other hospitals from qualifying as an LTAC	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA filed 8/24/12	Variance due to agreement with LTAC industry. On-going discussions between HFS and Federal CMS taking place.	\$30,000.0	\$10,000.0	(\$20,000.0)
44	Rate Adjustment	Excellence in Academic Medicine	Eliminate	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA filed 8/24/12	On-going discussions between HFS and Federal CMS taking place.	\$13,800.0	\$13,800.0	\$0.0
45	Rate Adjustment	Nursing Facility - nursing DD rate add-on	Eliminate \$10 add-on for clients with a developmental disability (DD)	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	SPA filed 8/24/12	On-going discussions between HFS and Federal CMS taking place.	\$472.0	\$472.0	\$0.0
46	Rate Adjustment	Nursing Home bed holds	Eliminate nursing homes and ICF-DD (included in DHS budget) bed hold for adults age 21 and over.	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA approved by Federal CMS 11/20/12	Original estimate included bed holds for Supportive Living Facilities (SLF) residents. The bed hold elimination is now not applied to SLF. Implemented under emergency rule.	\$8,305.0	\$6,488.0	(\$1,817.0)
47	Rate Adjustment	Supportive Living Facility rates	Delink rate increase from new nursing home tax funded nursing home rate increase effective for services rendered on or after 5/1/11.	Emergency Rule and Proposed Rule filed 4/13/12	N/A		\$20,800.0	\$20,800.0	\$0.0
48	Rate Adjustment	Power wheelchair rates	Reimburse for power wheelchairs at actual purchase price rather than current practice of Medicare rate minus 6%	Rule to be filed no later than April 2013	SPA filed 9/28/12	Variance due to implementation being delayed. Interim rate will be implemented March 1, 2013, while HFS continues to work with the provider community to obtain information needed to establish fair and accurate rates.	\$1,900.0	\$475.0	(\$1,425.0)

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49	Rate Adjustment	Pharmaceuticals	Limit reimbursement to qualifying providers receiving discounted drug prices from manufacturers under Sec. 340B of Public Health Services Act to no more than their cost. Require providers eligible to participate in 340B and pass savings to State.	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	N/A	Variance due to implementation being delayed and issues with application to contract pharmacies. New emergency rule being developed for 340B specific dispensing fee changes, and changes to requirements for Hemophilia Treatment Centers.	\$15,000.0	\$7,500.0	(\$7,500.0)
50	Rate Adjustment	Sexual Assault Survivors Emergency Treatment Program rates	Reduce from reimbursing provider charges to Medicaid rates	Emergency Rule filed 6/30/12. Proposed Rule filed 1/22/13	N/A		\$1,839.7	\$1,839.7	\$0.0
51	Care Coordination	Initiatives launched in FY13 include: Integrated Care Program Phase II, Dual Eligibles Capitation Demonstration, Innovations Program adults, Innovations Program - children	Focus on most expensive clients with complex health/behavioral health needs	N/A	Waiver Amendment filed for Integrated Care Program Phase II	HFS is responding to questions from Federal CMS on the waiver. The Dual Capitation award announced 10/29/12. Innovations awards announced in October. Integrated Care Program Phase II implemented 2/1/13.	\$16,075.0	\$16,075.0	\$0.0
52	Care Coordination	Chronic mental health care coordination	Expand care coordination to additional persons with chronic mental health conditions residing in nursing homes	N/A	N/A	Current savings estimate is based upon Integrated Care enrollment from February - June 2013.	\$36,851.2	\$311.5	(\$36,539.7)
53	Care Coordination	Improving birth outcomes	Develop a statewide multi-agency initiative to improve birth outcomes and reduce costs associated with babies being born with low and very low birth weight and fetal death	N/A	N/A	Variance due to delay in implementation. Data analysis on-going. DHS has entered into grant agreements with agencies in high risk areas to focus on case management for high risk pregnancies.	\$25,000.0	\$12,500.0	(\$12,500.0)

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54	Other	Dental grants	Eliminate new state-only funded grants for FY13	N/A	N/A		\$1,000.0	\$1,000.0	\$0.0
55	Other	Recipient Eligibility Verification vendors (revenue item)	Increase the number of vendors with connections to HFS systems and increase fees for transactions processed through those connections	N/A	N/A		\$1,000.0	\$1,000.0	\$0.0
56	Other	Hospital outpatient drugs rebates (revenue item)	Collect drug rebates on drugs provided in outpatient settings	N/A	N/A	System changes in-progress. Revised billing instructions sent to hospitals February 8.	\$20,000.0	\$5,000.0	(\$15,000.0)
57	Other	Third party liability	Contract with vendor to enhance HFS' current collections efforts	N/A	N/A		\$10,000.0	\$10,000.0	\$0.0
58	Other	Recovery audit contractor (RAC) payment recapture audits	Implement RAC audits as a supplement to Inspector General's reviews	N/A	SPA approved by Federal CMS 11/14/12	Variance due to implementation delay. Contract signed 12/27/12. Vendor transition tasks in-progress.	\$21,875.0	\$7,306.3	(\$14,568.7)
59	Other	Pharmaceuticals	Savings related to a significant number of high cost name brand drugs going generic	N/A	N/A		\$77,700.0	\$116,100.0	\$38,400.0
60	Other	Contracts no longer eligible for federal match	Allow contract to expire after June 30, 2012	N/A	N/A		\$3,000.0	\$3,000.0	\$0.0
61	Other	All Kids application agent payments	Eliminate payments and allow AKAA's to continue in no-pay status	N/A	N/A		\$850.0	\$850.0	\$0.0

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62	Rate Reductions	General medical provider rate reductions	Reduce most medical provider reimbursement rates by 2.7% effective July 1, 2012, with exceptions	Emergency Rule filed 6/30/12. Proposed Rule filed 1/28/13	SPA for Hospital and SPA for LTC Rate Reductions filed 8/24/12. SPA for Non-institutional Rate Reductions filed 9/28/12.	Implemented under emergency rule, pending federal CMS approval. Modified emergency rule filed and effective 9/21/12. On-going discussions between HFS and Federal CMS taking place.	\$240,000.0	\$240,000.0	\$0.0
Totals							\$1,600,063.0	\$1,105,586.6	(\$494,476.4)
Adjusted Totals							\$1,600,063.0	\$1,135,586.6	(\$464,476.4)
* Savings adjustment for item # 20, \$30 million to be reconciled in FY2014									

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